



## International Agricultural Trade Report

May 14, 2001

### U.S. Meat Exports Continue Setting Records

#### The Increasing Appetite for Meat: Record U.S. Production, Exports, and Imports

USDA's World Agricultural Supply and Demand Estimates, released May 10, forecast U.S. meat exports in 2002 at a record 4.86 million tons led by beef and broiler exports. Record total U.S. meat production is also forecast in 2002 at 37.43 million tons as increases in poultry and pork production more than offset a decrease in beef output from 2001. U.S. meat imports are also forecast to grow to another record of 1.92 million tons.

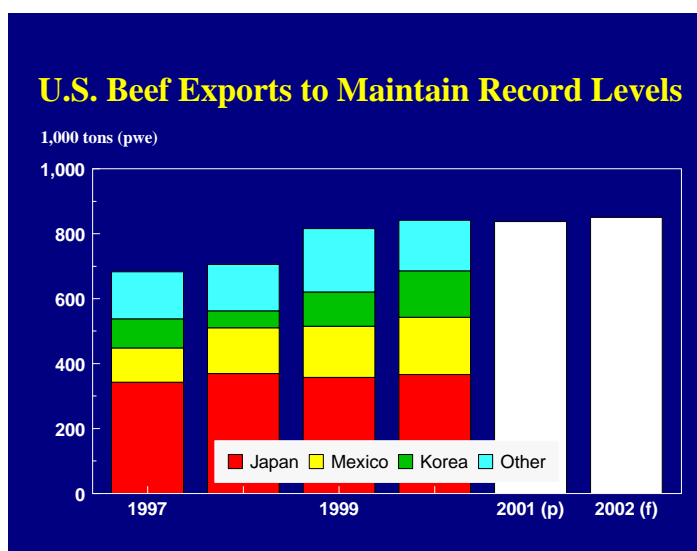
The May forecast for total U.S. meat exports in 2001 is revised upward to 4.71 million tons, up 3 percent from a year ago, due to increases in pork and poultry export estimates. Pork exports to Japan are higher than expected, while beef exports pulled back slightly. Poultry and pork exports to Russia are expected to remain strong for the remainder of 2001. The May 2001 U.S. total meat import forecast is lowered slightly from the previous month to 1.89 million tons, but is still above the level from 2000.

		Production	Imports	Exports	Prices 1/
		1,000 MT (CWE)			
Beef	2000	12,196	1,375	1,141	\$69.65/cwt
	2001 May	11,649	1,388	1,134	\$74-78
	2002 May	11,377	1,395	1,152	\$77-83
Pork	2000	8,597	439	592	44.70/cwt
	2001 May	8,691	438	637	\$44-46
	2002 May	8,961	454	635	\$41-45
Poultry	2000	16,363	4	2,825	\$0.56/lb.
	2001 May	16,481	3	2,942	\$0.57-0.60
	2002 May	16,916	3	3,073	\$0.59-0.64
1/ Prices: Nebraska Choice Steers; National Base Barrows & Gilts; and Broilers Wholesale, 12-City Average.					

#### U.S. Beef Exports Constrained by Tightening Supplies and Falling Production

U.S. beef exports for 2002 are forecast to recover from their fractional dip in 2001 and grow by 2 percent to 1.15 millions tons (carcass weight basis) as exports to Asia and North America expand. Falling U.S. production forecast for 2002 and tightening supplies will constrain the United States' ability to export. U.S. beef imports for 2002 are expected to rise marginally to 1.40 million tons as demand for manufacturing beef and stronger prices make the United States an attractive market in world trade.

The 2001 U.S. beef export forecast is lowered to 1.13 million tons. Total U.S. exports for January-February 2001 were 13 percent lower than the 175,000 tons shipped for the same period in 2000 in response to high prices this winter and the inclusion of Russian food aid last year. Exports to the leading markets of Japan, Korea, and Canada all contracted in February, with export declines to Japan and Korea the most pronounced. Near-record high U.S. beef prices and a strong U.S. dollar are expected to dampen growth prospects for the year.



U.S. choice cattle prices for 2001 are averaging about 9 percent higher than those for 2000. Cattle inventories and slaughter are expected to continue their decline into 2002. As a result of tightening supplies, cattle prices are projected to move into the \$80 dollar range in the last half of the year.

#### ***Pork Exports Soar Due to Continued Strong Demand in Japan and Mexico***

U.S. pork exports for 2002 are forecast at a near-record 635,000 tons (carcass weight equivalent), due to continued strong demand in the major markets of Japan, Canada, and Mexico. Despite the decade-long lagging Japanese economy, U.S. pork exports to Japan are expected to grow due to increasing consumption. The United States will likely remain a major supplier of fresh/chilled pork for retail sales and the food service industry. Mexico's growing economy combined with further tariffs reductions and increased quotas for pork imports under NAFTA will provide more market opportunities for U.S. pork. However, U.S. pork exports will face stiff competition in Russia, Mexico, and Asia from Canada and Denmark.

For 2001, U.S. pork exports are estimated at a record 637,000 tons due in large part, to a surge of sales to Japan. For the first two months of 2001, exports to Japan are up nearly 30 percent from last year. Japan's pork consumption remains strong as pork continues to be the favored meat despite stagnating domestic pork supplies. Also, rising beef prices may have induced consumers to switch to pork. Mexico is continuing to increase imports from the United States but at a slower pace than the previous year. Although the United States is a residual supplier of pork to Russia, U.S. product



is becoming more price competitive due to the suspension of EU pork subsidies.

U.S. pork imports for 2002 are forecast at 454,000 tons continuing a long term upward trend after plateauing in 2001. Pork production for 2002 is forecast at a record 8.96 million tons, up 3 percent from the previous year as producers increase farrowings and hog weights in response to a relatively stable hog price and feed cost outlook.

U.S. live hog prices for 2002 are expected to be in the mid \$40's per cwt as higher exports and tighter beef supplies keep the market price relatively stable. Hog prices for 2001 are raised this month due to stronger demand, however, increasing supplies and higher slaughter rates will pressure prices later in the year.

#### ***U.S. Poultry Exports Continue to Grow: to Russia and China/Hong Kong***

For 2002, U.S. poultry exports are projected to grow 4 percent and top 3 million tons for the first time as a result of expanding worldwide consumption and increasing demand in the major markets of Russia and China/Hong Kong. Improved economic prospects in a number of importing countries are expected to lead to continued strong demand for poultry products. The large and relatively inexpensive beef inventories that are building in the European market are expected to compete with U.S. poultry in Russia in 2002.

During the first two months of 2001, U.S. poultry exports of 535,000 tons were 6 percent higher than the same period last year. Contributing to these elevated exports in 2001 has been the high demand for inexpensive broiler parts. In Russia, per capita consumption of poultry (primarily broilers) is about half the average consumption of poultry in Europe and one-fifth that of the United States, indicating room for growth in Russian poultry consumption.

U.S. turkey exports were up by 25 percent to 35,000 tons in the first two months of 2001 compared to the same period the previous year. U.S. turkey exports in 2001 are forecast to be up 5 percent to 218,000 tons and forecast to rise into 2002 to 224,000 tons.

U.S. broiler prices for 2002 are projected to be slightly higher than 2001 at a price between \$0.59 - 0.64/lb. This year tighter beef supplies will help support poultry prices.

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